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ARIZONA CORPORATION COMMISSION

March 14, 2001

Russell Blau  
Tony Lee  
Swidler Berlin Shereff Friedman, LLP  
3000 K Street, Ste. 300  
Washington, DC 20007

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ARIZONA CORPORATION COMMISSION  
DOCUMENT CONTROL

Arizona Corporation Commission

DOCKET

MAR 14 2001

Subject: Sufficiency Review - Docket No. T-03999A-01-0207

Dear Messrs. Blau and Lee:

In the matter of the Application of El Paso Global Networks Company for a Certificate of Convenience and Necessity to Provide Competitive Intrastate Telecommunication Service:

\_\_\_ This application is sufficient.

☒ The application is insufficient and lacks the following items:

1. Include non-confidential copies of your Company's most recent balance sheet, income statement, audit report (if audited), and all related notes to these financial statements. Please see the attached document regarding the policy on confidential financial statements.
2. If the balance sheets you submit do not have retained earnings accounts, please provide this account information on a separate sheet.
3. If your Company intends to rely on the financial resources of its Parent Company, please provide your Parent Company's financial statements. Also, please provide a written statement from your Parent Company attesting that it will provide complete financial backing if your Company experiences a net loss or a business failure and that it will guarantee repayment of customers' advances, prepayments or deposits held by your Company if, for some reason, your Company cannot provide service or repay the deposits.
4. On page seven of the application, you mentioned the desire to provide local services and access services. However, elsewhere in the application you only mentioned interexchange services. Please clarify the services for which you are requesting approval.
5. Are there any affiliated alternative providers of local or access services operating in Arizona?

## **Public, Non-Confidential Information Required in CC&N Filings**

One of the criteria used to determine if an entity is "fit and proper" is that the utility's current and projected financial health must be sound. Also, a determination of a fair return on fair value rate base must be made. Staff believes that the information necessary to make these determinations should be open for public inspection and that it is in the public interest to do so. The information would be helpful to potential customers in their efforts to choose a utility service provider. Just as a potential home buyer has access to the financial statements of the utility providing service to his or her prospective home, a potential customer of the "competitive" utilities should have access to similar information.

The Arizona Corporation Commission conducts public hearings and meetings to consider approval of Certificates of Convenience and Necessity (CC&Ns) and "fair value" findings concerning tariffs. These hearings are open, public and, often, contested proceedings. All members of the public and interested parties have the right to review and comment on the information provided by the applicant. For this reason, all information filed in these proceedings must be available to the public for review and comment.

The following information must be provided to the Commission Staff in a **Non-Confidential** form for review and processing:

### **Financial Information**

total assets  
total liabilities  
current assets  
current liabilities  
revenue (sales)  
net income (net loss)  
retained earnings  
total equity  
long term liabilities  
fixed net assets

Ideally this information should cover 2 or 3 years to allow comparisons regarding performance over time. Applicants should indicate whether the financial statements were audited.